

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Inbound Competitive Multi-Service Agreements with  
Foreign Postal Operators  
Interconnect Remuneration Agreement – United States  
Postal Service and Specified Postal Operators (MC2010-34)  
Negotiated Service Agreements

Docket No. CP2022-34

PUBLIC REPRESENTATIVE COMMENTS ON POSTAL SERVICE NOTICE OF FILING  
FUNCTIONALLY EQUIVALENT INBOUND COMPETITIVE MULTI-SERVICE  
AGREEMENT WITH FOREIGN POSTAL OPERATORS  
(December 16, 2021)

I. Introduction

The Public Representative hereby provides comments pursuant to a Commission Notice.<sup>1</sup> In that Notice, the Commission invited comments from interested persons, including the undersigned Public Representative, on the Postal Service's notice to the Commission that it entered into an Inbound Competitive Multi-Service Agreement with Foreign Postal Operators (FPOs), and that it seeks to include the IRA-USPS II Agreement within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product.<sup>2</sup>

The PS Notice concerns the inbound portions of the competitive multi-product Interconnect Remuneration Agreement USPS and Specified Postal Operators II (IRA-USPS II Agreement). Notice at 1. The Postal Service seeks to include the IRA-USPS II

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<sup>1</sup> Notice and Order Concerning Postal Service Filing of Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, December 9, 2021. (Notice).

<sup>2</sup> Notice of the United States Postal Service of Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, December 8, 2021 (PS Notice).

Agreement within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product. *Id.* The Postal Service contends that the IRA-USPS II Agreement “is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34. *Id.* at 3. The Postal Service filed supporting financial documentation, application for non-public treatment (Attachment 1), the IRA-USPS II Agreement (Attachment 2), a ZIP file with FPO-specific information related to FPOs that are parties to the IRA-USPS II Agreement (Attachment 3), Governors’ Decision No. 19- (Attachment 4) and a certified statement required by 39 CFR 3035.105(c)(2) (Attachment 5). The Postal Service intends for the IRA-USPS II Agreement to become effective January 1, 2022, for an indefinite duration. *Id.*

To clarify details in the Postal Service’s notice and workpapers, the Commission issued CHIR. 1.<sup>3</sup> Responses are due December 21, and have not yet been filed by the Postal Service.

## II. Comments

The Public Representative has reviewed the Postal Service’s Notice, the IRA-USPS II Agreement and the supporting financial model filed under seal that accompanied the PS Notice. Based upon that review, the Public Representative concludes that the IRA-USPS II Agreement is functionally equivalent to the CP2010-95 Agreement, the designated baseline agreement for functional equivalency analyses of the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product, and should therefore be added to the existing Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product.

Pursuant to 39 U.S.C. § 3633(a), the Postal Service’s competitive prices must not result in the subsidization of competitive products by market dominant products; must ensure that each competitive product covers its attributable costs; and, must

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<sup>3</sup> Chairman’s Information Request No. 1 and Notice of Filing Under Seal, December 15, 2021 (CHIR1).

ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

The Public Representative finds that the proposed agreement meets the requirements of 39 U.S.C. § 3633(a). Although the Public Representative is unable to review the Postal Service's CHIR 1 responses, the available information is adequate to make a recommendation regarding the likelihood that the requirements of § 3633(a) will be met. The workpapers, as presented, demonstrate that the IRA-USPS II Agreement should cover cost and thereby meet § 3633(a) requirements. And, while the response the CHIR 1 is necessary to get an accurate cost estimate for the proposed agreement, based on the information available, the Public Representative finds the cost coverage to be satisfactory. The pool of costs referred to in Question 1 of CHIR 1, is small enough in magnitude that its inclusion in the product costs should have little effect on the proposed product's cost coverage. Similarly, under both sets of rates referred to in Question 2, the cost coverage of the IRA-USPS II Agreement is unlikely to conflict with § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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